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UNCLAS GEORGETOWN 000174

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TAGS: [ECON](#) [ECPS](#) [EINT](#) [PGOV](#) [GY](#)

SUBJECT: JAGDEO ANNOUNCES WIRELESS LICENSE FOR DIGICEL

REF: A. 05 GEORGETOWN 1273

[B](#). 05 GEORGETOWN 516

[C](#). 05 GEORGETOWN 357

[D](#). 04 GEORGETOWN 1210

[1](#). (SBU) SUMMARY. President Jagdeo announced February 20 that the GoG would grant a license to regional wireless telecommunications operator Digicel. Issuing this license would violate the terms of the MoU between the GoG and U.S.-owned incumbent operator CelStar. Jagdeo also repeated his call to break U.S.-owned Guyana Telephone & Telegraph Company's (GT&T) monopoly on landline services. GT&T is willing to renegotiate its contract with the GoG. END SUMMARY

License for Digicel Will Violate MoU with U.S. Firm

[2](#). (U) President Jagdeo announced February 20 that the GoG would grant a license to regional wireless telecommunications operator, Irish-owned Digicel. Digicel would join GT&T and CelStar as the third active participant in Guyana's mobile phone service market. U.S. company Atlantic Tele Network Inc. owns GT&T, which has a mobile phone service and is the monopoly landline service provider. U.S. company Trans-World Telecom Caribbean Ltd owns CelStar, which operates mobile phone service under the brand name U Mobile.

[3](#). (U) Amdassador had voiced strong USG support for increased telecom competition when CelStar launched its service in November 2004 (ref D). As part of the initial investment agreement between the GoG and CelStar, the two parties signed a MoU stipulating that no new cellular license would be issued until September 2006 (ref B). Issuing a license to Digicel as Jagdeo announced would violate the terms of this MoU.

Jagdeo Vows to Break GT&T Monopoly

[4](#). (SBU) Also on February 20, the Government Information Agency (GINA) quoted Jagdeo as saying "this country is not going to be left behind because of one company". He said (not for the first time) that GT&T's 40-year monopoly landline contract signed in 1990 is hampering Guyana's technological progress and Internet access, key parts of Jagdeo's economic vision for the country (ref A). In conversations with Ambassador, GT&T has indicated its willingness to go to international arbitration to renegotiate its contract with the GoG in good faith and settle this dispute. The GoG has rejected this offer in the past.

Comment

[5](#). (SBU) Given that general elections are due in Guyana in about five months, Jagdeo is understandably tempted to score political points by promising to come down hard on the phone monopoly. However, Jagdeo's gambit to unilaterally break GT&T's monopoly rather than seek a negotiated settlement would just underscore to foreign investors that Guyana is hostile territory for commercial disputes. Post will continue to monitor and report on developments regarding this issue. End Comment.
BULLEN